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MEMORANDUM

DATE: September 12, 2000

TO: Metropolitan King County Councilmembers

FROM: Don Eklund, County Auditor

SUBJECT: Management Audit – Office of Human Resources Management Hiring Practices

Attached for your review is the management audit report on the Office of Human Resources Management hiring practices. The primary objective of the management audit was to determine whether OHRM adhered to King County policies and procedures during the hiring process for OHRM positions from 1996 to 1999. This period of time corresponded to the tenure of the former OHRM Director.

The general conclusion of the audit was that OHRM's disregard for county hiring and personnel policies and procedures pointed to a lack of management control, and especially in the case of former coworkers of the Director, gave the appearance of favoritism. In addition, OHRM did not sufficiently monitor its term-limited temporary (TLT) positions, did not maintain countywide personnel records in accordance with state law, and made changes to the Personnel Guidelines that weakened controls over salary administration.

The entire Executive's response is included in Appendix 2, and responses to the individual findings and recommendations are incorporated into the audit text. The Executive generally concurred with the audit recommendations and provided a timetable for implementation.

Although the Executive response acknowledged that missing information could give the appearance of favoritism, it also stated that "the information does not support a finding that any employees in OHRM, including those identified as the former Director's coworkers, were appointed into career service positions without a competitive merit-based selection process." We would like to reiterate that, as mentioned in the report, the audit found several instances where a competitive selection process could not be substantiated. Two examples included career service positions that were awarded to candidates not entered into the database of eligible applicants. In addition, audit staff found cases where qualified internal candidates were given low scores on their application materials, while external candidates received unsupported high scores. In these examples, the positions were awarded to employees that had worked with the former Director in previous places of employment. Together with undocumented hiring processes, these actions provide evidence that OHRM filled career service positions without a competitive hiring process.

The Executive response also stated that the deficiencies in TLT monitoring occurred particularly in the months immediately after TLT positions were first created, giving the impression that monitoring problems had since been corrected. However, at the time of audit fieldwork in October 1999, TLT positions were still being inappropriately approved. For example, OHRM had approved extensions for TLT positions within its own department that did not list a body of work or the funding source.

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MANAGEMENT AUDIT

OFFICE OF HUMAN RESOURCES

MANAGEMENT

HIRING PRACTICES

Presented to
the Metropolitan King County Council
by the
County Auditor's Office

Don Eklund, King County Auditor
Kimberly Dutton Cregeur, Management Auditor

Report No. 2000-03

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Abbreviations

DYS	Department of Youth Services
FTE	Full-Time Equivalent
ITS	Information & Telecommunications Services
KCC	King County Code
Metro	Department of Metropolitan Services
OHRM	Office of Human Resources Management
PDQ	Position Description Questionnaire
PSD	Personnel Services Division
RFP	Requisition for Personnel action form
SPSD	Seattle Public School District
TLT	Term-Limited Temporary (position or employee)

REPORT SUMMARY

Introduction

The Metropolitan King County Council requested a management audit of the Office of Human Resources Management (OHRM) internal hiring practices and included it in the 1999 Auditor's Office work program. The primary audit objective was to determine whether OHRM adhered to King County policies and procedures during the hiring process for OHRM positions filled between June 1996 and June 1999.

Background

In June 1996, the County Executive appointed a new OHRM Director who served until June 1999. Prior to his appointment with the county, the Director served as the Director of Human Resources for the Seattle Public School District (SPSD) and Seattle City Light, a department of the city of Seattle. (The term "Director" throughout the report refers to this OHRM Director.)

General Conclusions

The audit mainly concluded that OHRM's disregard for hiring and personnel policies and procedures pointed to a lack of management control and, especially in the case of former coworkers of the Director, gave the appearance of favoritism. In addition, OHRM did not sufficiently monitor its term-limited temporary (TLT) positions, did not maintain its employee records in accordance with state law, and made changes to the Personnel Guidelines that weakened controls over salary administration.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FINDING 2-1 (Page 5)

OHRM's Disregard for County Policies and Procedures Pointed to a Lack of Management Control and, Especially in the Case of the Director's Former Coworkers, Gave the Appearance of Favoritism.

OHRM seemingly ignored county policies and procedures by not retaining hiring records, awarding high starting salaries without explanation, insufficiently authorizing special duty assignments, and not complying with reclassification procedures. Such actions were common in certain divisions within OHRM and demonstrated a lack of management control.

- Although OHRM is required by state law to retain hiring documentation, 12 of 46 career service hiring files (26%) were missing. Twenty-six of the remaining 34 hiring files (76%) lacked records required to document a competitive hiring process.
- The Personnel Guidelines state that employees are generally hired at the first step of the salary range, and that a written explanation must accompany salaries over step one. However, 26 of 27 new OHRM career service employees were hired over step one, with one-third hired at step 9 or 10. None of the higher salaries were explained, and the audit estimated the additional cost of the higher salaries to be at least \$305,000.
- A total of 14 OHRM employees earned over \$1,000 in special duty pay in 1998 and 1999. Although annual special duty pay averaged \$3,000 per employee, most assignments were not authorized or extended in accordance with the Guidelines.

- Audit staff could not establish how many OHRM positions had been reclassified, but several OHRM positions were reclassified without any evidence of approval.

Moreover, multiple irregular actions toward several employees gave the appearance of favoritism. Whereas the non-compliance issues listed above applied individually to many OHRM employees, several employees that had worked with the Director at a previous place of employment were associated with multiple irregular actions.

Nine employees that worked with the Director in the human resources department at SPSPD were hired into OHRM after June 1996. Seven of the nine employees ended up in career service positions, all without sufficiently documented hiring processes. Six other new OHRM employees either knew the Director from the city of Seattle or had been employed at SPSPD during the Director's tenure. Two of the six employees obtained career service positions, both with irregular hiring processes. All 15 employees were affiliated with at least one irregular hiring or personnel action, including the following:

- None of the hiring files for the nine former coworkers hired into career service contained sufficient documentation to verify a competitive hiring process. Five of the nine hiring files could not be located at all.
- Six of the nine career service employees were hired through an irregular hiring process. (Audit staff could not evaluate the hiring process for the other three career service positions due to missing documentation.) For example, two coworkers that were not entered into the database of eligible applicants were hired over qualified internal career service candidates.

- Thirteen of the coworkers, including temporary employees, were hired at or above mid-range. Nine coworkers were hired at step 9 or 10. Although required, no written justification for the higher salaries could be found.
- Eight of the nine career service positions filled by former coworkers were unclearly or improperly approved during the position classification process. For example, documentation showing OHRM review and approval for several new positions filled by former coworkers could not be found.

OHRM has the responsibility and obligation to set forth and administer human resources policies and procedures for the county. In the case of the Director's former coworkers especially, OHRM should have exercised the highest level of caution and adherence to guidelines to avoid even the perception of preferential treatment. Instead, OHRM's disregard for county policies, combined with other management decisions during hiring, gave the appearance of favoritism.

The audit recommended that the County Executive, along with the Deputy County Executive and current OHRM Director, increase their oversight and monitoring of OHRM to ensure that all OHRM staff are aware of and adhere to King County personnel policies and procedures. **The audit further recommended** that OHRM formalize its procedures regarding the hiring and selection process for career service positions.

FINDING 3-1 (Page 31)

OHRM Did Not Sufficiently Monitor Term-Limited Temporary Positions in OHRM as Required by the Logan/Knox Settlement and the County Executive.

As a result of the Logan/Knox settlement in 1997, the county adopted new policies and procedures for term-limited temporary

(TLT) employees. In addition, the Executive and County Council required OHRM to regularly monitor the use of temporary and part-time employees.

However, OHRM did not have adequate documentation to determine the number of TLT positions in OHRM. Records showed that the number of TLT workers employed in OHRM was actually greater than the number of approved TLT positions. In addition, OHRM did not follow required procedures for approving and extending TLT positions. For example, positions were approved without appropriate review, and some TLT employees were allowed to work past the expiration date for their position.

The audit recommended that OHRM improve its recordkeeping, establish reconciliation procedures, and improve monitoring of the TLT approval process.

FINDING 3-2 (Page 38) OHRM Neglected Its Responsibilities as the County's Primary Personnel Recordholder by Not Maintaining Records in Accordance With State Law.

The county's recordkeeping plan designates OHRM as the primary recordholder of personnel history files for all county employees. However, OHRM had a filing backlog of countywide records that was several years old and included hundreds of documents. Many of the backlogged documents were records required for retention under state law. Other information required for retention, including entire personnel files, could not be located at all. One reason for the filing backlog was that no employee was responsible for coordinating or overseeing file maintenance and records retention.

The audit recommended that OHRM develop and implement a plan to eliminate the filing backlog and establish and follow records retention procedures in accordance with state law.

FINDING 3-3 (Page 43) OHRM Made Changes to the Personnel Guidelines That Weakened the Controls Over Salary Administration.

In May 1997, OHRM finished revisions to the Personnel Guidelines. Several of the changes weakened controls over salary provisions, creating the potential for a substantial budgetary impact. For example, OHRM failed to include a King County Code provision in the revised Guidelines that limits probationary salary increases to step 5 except upon written approval of the Director. Likewise, maximum amounts for salary increases for special duty assignments and promotions were eliminated. The new Guidelines also included relaxed criteria for hiring new employees above step one and awarding special duty and out-of-class pay.

The audit recommended that OHRM strengthen budgetary controls over salaries by reinstating maximum amounts in the Personnel Guidelines for probationary and promotional salary increases.

AUDITOR'S MANDATE

The Office of Human Resources Management hiring practices were reviewed by the County Auditor's Office pursuant to Section 250 of the King County Home Rule Charter and Chapter 2.20 of the King County Code. (The audit was performed in accordance with generally accepted government auditing standards, with the exception of an external quality control review.)

1 INTRODUCTION

Background

The Metropolitan King County Council requested a management audit of the Office of Human Resources Management (OHRM) internal hiring practices between 1996 and 1999, and included it in the 1999 Auditor's Office work program. Council concerns regarding the process used to hire employees into OHRM prompted the audit.

According to King County Code, OHRM manages and is fiscally responsible for the Personnel Services Division, the Employee Benefits and Well-Being Division, and the Labor Relations Division. In addition, OHRM contains several sections that are determined by the OHRM Director. Sections listed in the Adopted Budgets since 1997 are : Administration (the Director's Office), Safety & Claims Management, Training & Organizational Development, and Diversity Management.

Two additional sections that were not listed in the budgets, but included FTEs authorized in the budget process, are the Classification/Compensation Project (1997-1998) and Special Employment (1998-1999).¹ The final section, Technology, was not listed in the budgets, but has appeared on OHRM's internal organizational charts under the Director's Office since mid-1996.

OHRM's Personnel Services Division is responsible for developing and administering policies and procedures for the recruitment, examination, and selection of employees; salary administration; job classification and compensation; and general human resources policy, as well as providing training and

¹ The Special Employment section resulted from the Logan/Knox settlement. Employees in this section were responsible for implementation of the settlement. The section currently oversees the hiring and monitoring of term-limited temporary (TLT) and temporary positions countywide.

organizational development programs and human resources information services support.

Audit Objectives and Scope

The primary audit objective was to determine whether OHRM adhered to King County policies and procedures in the posting, advertising, recruitment, interviewing, hiring, and promotion for OHRM positions from 1996 to 1999. This period of time corresponded to the tenure of the former OHRM Director.

The audit scope encompassed 1) the hiring process for OHRM career service and exempt positions, including reclassifications, and 2) the procedures used to fill OHRM term-limited temporary (TLT) and temporary positions.

Audit Methodology

Audit methodology included a review of applicable policies, procedures, guidelines, and practices; discussions with OHRM staff; a survey of decentralized human resources employees in other county departments; and review and analysis of hiring, personnel, payroll, and reclassification data from both OHRM and the Information & Telecommunications Services Division.

Audit staff requested data for career service, TLT, and temporary employees hired between June 1996 and June 1999. However, insufficient documentation limited audit analysis and independent verification of hiring procedures. Since the audit objective was to determine whether hiring and reclassifying procedures were followed, missing hiring, personnel, and reclassification records directly affected the audit conclusions.

2 OHRM HIRING AND PERSONNEL PRACTICES

Introduction

According to the King County Charter, all positions in county service are considered career service with the exception of those positions listed in section 550 of the Charter. Definitions of career service and other types of positions such as exempt, provisional, term-limited temporary (TLT), and temporary are included in Appendix 1 (page 53).

King County Policy Provides for Competitive Hiring of Career Service Employees

The King County Charter also provides the foundation for the county's hiring policies. Article 5 of the Charter and King County Code (KCC) Chapter 3.12 state that the recruitment, selection, and promotion of career service employees shall be competitive and based on merit. Article 5 further states that the personnel rules shall provide for "methods for determining the merit and fitness of candidates for appointment or promotion." Likewise, KCC Chapter 3.12 requires "similar means of recruitment and appropriate examination methods...[be] used in filling positions within a class."

During the time period covered by the audit, OHRM did not have comprehensive written procedures for the hiring process. In the absence of written procedures, audit staff interviewed OHRM staff to determine the steps that should be followed during the hiring process. These steps are listed below.

Approved Requisition for Personnel Action Form Initiates Hiring Process

The hiring process for a career service position begins when a hiring authority with a vacant position files a Requisition for Personnel (RFP) and draft job announcement with OHRM. An RFP must be approved by the Personnel Services Division

before the hiring process can officially begin. If the position is new or its duties have changed, a Personnel Analyst performs a “job analysis” and the position is classified based on the education, experience, and skill levels appropriate to the duties and responsibilities of the job.

Hiring Authority Chooses Type of Recruitment

The job announcement also includes a section on who is eligible to apply for the position. The hiring authority must do an internal recruitment (current career service employees only) first. If the hiring authority can justify that qualified internal candidates do not exist, the Personnel Manager may approve a limited external recruitment (includes exempt, TLT, and temporary employees), or an external recruitment (all employees on King County payroll as well as the general public). After the draft job announcement and criteria used to evaluate the candidates are finalized, the job announcement is posted.

Analyst Evaluates Application Materials

After a 5-day minimum recruitment, the Personnel Services Division (PSD) enters the applications received into a database. A Personnel Analyst then conducts a preliminary application screening and “bands” the applicants into categories of “most competitive,” “competitive,” “qualified,” and “nonqualified.” The list of banding definitions determined by the job analysis allows the analyst to quickly and equitably evaluate the applications. After the applications have been banded, the Personnel Analyst enters the eligible candidates into a database to create a candidate eligibility list for the position.

Interviews Are Conducted and Scored

Interviews with the “most competitive” candidates are then scheduled and conducted. In some cases, a second final interview is also conducted. The Personnel Guidelines state that

“at least three referred candidates...must be interviewed by the appointing authority before an offer of employment can be made.” In addition, “the appointing authority must conduct job-related interviews and be prepared to justify all candidate ratings.” After a candidate is recommended for hire, references are checked, an offer including salary is extended, a start date is negotiated, and an offer letter is mailed.

**New Employees
Generally Hired at
First Step**

Employees are paid on a ten-step salary range that corresponds to their job classification. According to the King County Code, the first step of the salary range is the “recruiting step,” and the Personnel Guidelines state that new employees are generally hired at the first step of the salary range. The Guidelines also allow for “occasionally” offering a higher salary step in order to attract an exceptionally well-qualified candidate.

FINDING 2-1

OHRM’S DISREGARD FOR COUNTY POLICIES AND PROCEDURES POINTED TO A LACK OF MANAGEMENT CONTROL AND, ESPECIALLY IN THE CASE OF THE DIRECTOR’S FORMER COWORKERS, GAVE THE APPEARANCE OF FAVORITISM.

OHRM has experienced significant changes in the last four years, including the county’s merger with the former Department of Metropolitan Services (Metro), implementation of the Logan/Knox class action settlement, decentralization, and changing leadership. A review and analysis of the hiring process and personnel actions in OHRM between 1996 and 1999 revealed numerous exceptions to the policies and procedures outlined in the King County Charter, King County Code, and Personnel Guidelines. In many cases, OHRM either did not adhere to human resources policies and procedures, or did not have necessary documentation to show that proper procedures

had been followed. Most of these exceptions pertained to new employees hired into OHRM between 1996 and 1999.

Overall, audit staff found that missing hiring records, unsupported high starting salaries, insufficient review of special duty assignments, and non-compliance with reclassification procedures were common in OHRM and demonstrated a lack of management control. Moreover, multiple irregular actions toward several employees gave the appearance of favoritism and are discussed later in the finding.

OHRM Could Not Produce Sufficient Hiring Records

The county's public records retention schedule requires documentation associated with the hiring process to be retained for six years. (See Finding 3-2 on page 38 for further discussion of records retention.) Audit staff chose 46 hiring files for review from approximately 65 OHRM career service positions that were filled between 1996 and 1999.²

Generally, hiring files for employees in Safety & Claims Management and Benefits contained information that sufficiently documented the hiring process. However, many hiring files for positions in Personnel Services, Labor Relations, and sections created by the Director such as Technology were either missing or incomplete.

One Quarter of Hiring Files for Career Service Positions Missing

Twelve of the 46 hiring files (26%) were missing. Specifically, missing files included:

- hiring files for all six new employees hired into the Classification/Compensation (Labor) section;

² The number of positions is approximate because ITS records and documentation within OHRM did not match. This number included positions occupied by new employees as well as promotions and transfers. OHRM does not keep hiring files for exempt and temporary positions since the same type of competitive hiring process is not required as for career service positions. Therefore, audit staff could only review hiring files for employees hired into career service.

- hiring files for three employees hired into the Technology section; and
- hiring files for one employee in the Personnel Services Division, one employee in the Special Employment section, and an employee hired into Labor Relations.

Career Service Hiring Files Lacked Records Showing Competitive Hiring Process

Hiring files for the 34 other career service positions were available, but all of them were at least partially incomplete. For instance, none of the hiring files contained reference checks for top candidates. Moreover, 26 files (76%) were missing records that would confirm a competitive hiring process. For example:

- Twelve files did not contain an eligibility list naming the qualified candidates eligible for consideration.
- Hiring information for 20 positions did not contain a banding matrix or any other documentation that distinguished qualified from non-qualified candidates.
- The hiring files for nine positions did not contain any evidence that interviews had been conducted as required by the Personnel Guidelines.
- In at least seven cases, interviews were not rated per the Personnel Guidelines to provide justification for hiring the chosen candidate.
- In three instances where interviews were rated, a lower-scoring candidate was chosen for the position. No documentation explaining the decision, such as reference checks or further interview panel discussion, could be found.

The missing information prevented OHRM from verifying that the considered candidates were qualified, or more importantly, that candidates had been fairly evaluated in an interview using an objective, uniform scoring system. As a result, OHRM could not

prove that the employees hired into these career service positions were the best qualified or that a competitive hiring process required by the King County Charter had been followed.

**Nearly All Career
Service Employees
Reviewed Were Hired
Over Step One**

According to the King County Code, the first step of the salary range is the “recruiting step,” and the Personnel Guidelines state that employees are generally hired at the first step of the salary range. Prior to May 1997, the Personnel Guidelines stipulated that department directors should use the following criteria when hiring above step one: 1) the candidate had a current salary above the first step; 2) the candidate could demonstrate qualifications significantly above the minimum requirements; and 3) the candidate had a special skill or ability that the county could not obtain without making a salary exception.

In May 1997, OHRM changed the criteria to “examples of situations” where an exception could be made. (See Finding 3-3 on page 43 for further discussion.) However, OHRM also added a requirement for department directors to submit a copy of the appointment letter and a statement of the reason for hiring above the first step to the OHRM Director at the time of hire.

**96% of Career Service Employees Reviewed Were Hired
Above Step One, While 33% Were Hired at Step 9 or 10**

Audit staff compared available OHRM hiring documents with ITS payroll records and were able to confirm the initial hiring step for 27 new career service employees hired into OHRM between 1996 and June 1999.³ Contrary to the county policy of hiring the employees generally at the first step, OHRM awarded salaries higher than step one to 96% of the new employees. Only one of the 27 career service employees was hired at the initial hiring

³ Approximately 65 career service positions were filled between 1996 and 1999; however, 25 of these positions were due to promotion, transfer, reinstatement, disability accommodation, recall, or Logan/Knox. These positions were not included in the review. Of the remaining 40 employees, ITS payroll records reflected the initial hiring salaries for only 27 of the new employees.

step. Further, two-thirds of the employees (18) were hired at mid-range or above, while one-third (9) began at step 9 or 10.

At Least \$305,000 in Higher Salaries Was Not Supported by Required Documentation

Although OHRM authored the change requiring written justification for hiring over step one, explanations for the higher starting salaries could not be found for **any** new OHRM career service employees. Consequently, audit staff could not establish why management granted the salary exemptions, and therefore, in many cases, whether the higher salaries were justified.

Audit staff calculated the difference between the 26 career service employees' actual hiring salaries and their salaries at step one to provide a rough estimate of the impact of the higher salaries.⁴ All of the salaries over step one were used for the estimate since audit staff could not determine, and therefore could not exclude, justifiable higher salaries. The estimate factored in COLA and merit increases through 1999 and placed the additional cost of the unsupported higher salaries at approximately \$305,000. This estimate is conservative since calculations did not include the effect of the higher salaries on special duty pay or benefits.

One-Third of Temporary and 39% of TLT Workers Were Hired at Mid-Range or Higher

Audit staff also reviewed the initial hiring salaries of 15 temporary and 18 TLT employees in OHRM.⁵ According to OHRM staff, hiring salaries for temporary workers follow the same guidelines as those for career service employees. Analysis revealed that one-third of temporary workers (5) and 39% of TLT workers (7)

⁴ The number 26 reflects the 27 payroll records showing initial hiring salaries minus the one employee hired at step one.

⁵ OHRM did not routinely keep records for temporary employees. Likewise, the records for TLT employees were incomplete. ITS records showed that at least 43 temporary or TLT employees had worked in OHRM between 1996 and 1999. Initial hiring salaries could be confirmed for 33 of these employees.

were hired at mid-range or higher. A total of six temporary and TLT employees were hired at step 10. Most of the remaining temporary employees (60%) were hired on the first step, but only 17% of the TLT employees were hired at step one.

**Special Duty Pay Was
Not Sufficiently
Authorized or
Reviewed**

According to the Personnel Guidelines, special duty and out-of-class assignments require written authorization to the employee. The written authorization must list the specific duties that the employee will perform, the duration of the assignment, and a statement that the assignment “will not confer on an employee any privilege, right of appeal, or right of position, transfer, demotion, promotion, or reinstatement.” The authorization is required as a protection for both the employer and the employee in case of confusion or disagreement regarding the terms of the special work situation. In addition, after May 1997, the Personnel Guidelines required a review and reauthorization for special duty assignments exceeding 12 months.⁶

OHRM paid 18 employees nearly \$68,000 in special duty pay between 1998 and 1999. Fourteen of the 18 employees (78%) received over \$1,000 in special duty pay in one or both years. Audit staff reviewed the files of these 14 OHRM employees. Special duty pay per employee ranged from \$1,046 to \$7,000 per year, and averaged \$3,000 each. Ten of the 14 employees (71%) worked in Personnel Services or Labor Relations.

Inadequate Authorization of Special Duty Assignments

The majority of files (11) for these employees did not contain the special duty documentation required by the Personnel Guidelines. Files for seven of the 14 employees (50%) did not contain any required written notification to the employee outlining the special assignment.

⁶ In May 1997, OHRM changed the Personnel Guidelines regarding special duty pay. The new Guidelines omitted the 60-day limit for special duty assignments, allowing special duty for as long as needed, with a review after 12 months. See Exhibit C (page 44) for more details.

Only three of the remaining seven employees received sufficient written authorization memos. The other four employees received written authorization, but some of the required information was missing. For example, one file contained only an e-mail about the assignment but start and end dates and the statement clarifying employment privileges were omitted.

In addition, six employees continued working in their special duty assignments for over one year. These employees together earned nearly \$21,000 in special duty pay during their second year of performing the extra work. However, although required by the Personnel Guidelines, no evidence of managerial review or written extensions for the assignments could be found.

Special Duty Assignments Authorized Months After Work Began

Audit staff identified at least five instances in Personnel Services and sections under the Director's Office where special duty pay was awarded retroactively. However, no written authorization to the employee for the assignment could be found. Instead, managers asked the Director to give an employee special duty pay for duties that they had already been performing for several months without written approval.

The written authorization to the employee not only confirms that the employee agrees to and is compensated for the special assignment, but also shows that the manager has justified the necessity of the special duty assignment. Two problems associated with not giving prior approval are disagreement between the employee and management about the assignment and lack of management control.

The first problem arises because it is difficult without prior written authorization to determine when an employee's special duties actually began or ended, and therefore, difficult for management

and the employee to agree on the amount of pay to which the employee is entitled. Also, without written clarification to the contrary, employees might believe that they had certain options such as right of position or transfer. In addition, it is possible that through more active management of its workload, OHRM could have reprioritized the special assignment or reduced its length before placing itself in the position of having to compensate employees for special duties performed prior to authorization.

Note: Due to inadequate documentation, audit staff were unable to evaluate whether the special duty pay was justified based on the tasks performed, or whether another employee that would normally perform the work at that level could have been assigned the work to avoid the special duty assignment.

OHRM Disregarded Reclassification Procedures

To initiate a reclassification for a new or vacant position, a short Position Description Questionnaire (PDQ) form needs to be completed by the requesting department. Analysts in the Personnel Services Division evaluate the information and decide whether the job duties justify the reclassification. The hiring process for the position may begin once the PDQ has been submitted and approved by the Personnel Services Manager. After the position is approved, a Request for Personnel action form (RFP) is filled out to update the payroll system.

A reclassification for a position with an incumbent follows the same procedures, but a long PDQ with more detail regarding the incumbent's duties and responsibilities is required. The long PDQ is evaluated against the criteria listed in the Personnel Guidelines which require a gradual accretion or significant change in duties over at least one year or a restructuring of the position due to a reorganization or new departmental duties.

In 1994, the Executive imposed a freeze on the reclassification of county positions pending the completion of the Classification/

Compensation Project. Exceptions were allowed for new or vacant positions and positions that had changed significantly due to a major reorganization.⁷ In 1996, the Deputy County Executive transferred his authority to grant exceptions to the freeze to the OHRM Director.

A review of reclassifications performed for OHRM between 1996 and 1999 was somewhat limited by conflicting information. Analysis of available documentation revealed that procedures to approve reclassifications were not consistently followed.

The Number of Reclassified OHRM Positions Was Unclear

Audit staff could not establish exactly how many positions had been reclassified from 1996 to 1999, since OHRM documents contained contradictory information. For example, OHRM had 24 files on requested reclassifications for OHRM positions from 1996 to September 1999. Only four OHRM positions were listed in OHRM's reclassification database for the same time period. Likewise, an internal document generated by OHRM for the audit listed 30 reclassification requests for regular positions.

More Positions Reclassified Within OHRM During Freeze Than Other County Departments

OHRM reclassified more positions within its own office during the freeze than in other county departments. OHRM approved 25 reclassification requests for regular positions from June 1996 to September 1999, or approximately 20% of OHRM's budgeted positions.⁸ In contrast, according to a survey conducted by audit

⁷ The Classification/Compensation Project was funded in 1997 and 1998 as a result of the Metro merger. Exceptions were also allowed for series progressions and position reviews provided for in bargaining agreements; however, these exceptions are not considered as reclassifications for the purposes of this audit.

⁸ The percentages include vacant and filled positions, but exclude series progressions. The percentages for OHRM (and all departments) are based on the number of budgeted FTEs for 1999 since audit staff did not know the number of reclassifications performed annually for other departments. The number of reclassifications approved annually for OHRM were 6.5% in 1996, 7.0% in 1997, 3.3% in 1998, and 4.9% in 1999.

staff, the percentage of budgeted positions that were reclassified in other departments and divisions during the same period of time ranged from zero in certain divisions in the Department of Transportation to approximately 10% in the Department of Development and Environmental Services.

A major reason for the difference is that several departments did not submit reclassification requests because of the freeze. However, even when other departments did submit requests, some were told by OHRM that reclassifications would not be considered until after the Classification/Compensation project was completed and the freeze was lifted.

Several Occupied OHRM Positions Were Reclassified Without Review

Audit staff identified at least four cases where occupied career service positions were reclassified without appropriate review and approval. In one case, a filled position was reclassified using a short PDQ instead of the long PDQ required for positions with incumbents. In the other cases, no reclassification documentation for the position, including a classification analysis and approval of the position, existed.

Audit staff also found at least three temporary positions that were changed to regular career service positions without approval through reclassification or the budget process. Furthermore, the positions were not readvertised and the three temporary employees were allowed to stay in the new career service positions without a competitive recruitment.

In accordance with county code, a new recruitment needs to be performed if temporary positions are changed to regular career service positions. Qualified career service employees who did not apply for the position previously because it was temporary

must be given the opportunity to apply when the position becomes career service.

Moreover, these reclassifications were in direct contrast to the **only** reclassification for a filled position in OHRM that was denied. In this case, an OHRM employee followed the appropriate procedures and submitted a long PDQ for consideration. One year later, a classification analysis was completed, showing that the employee was performing higher-level work and that a reclassification was warranted. However, the Personnel Services Division then denied the reclassification, citing the freeze as the reason.

As the office responsible for developing and administering human resources policy, OHRM sets the standard for the county. Therefore, OHRM needs to be mindful of its own implementation of these policies and procedures. Instead, the pervasiveness of missing hiring documentation, unsupported high starting salaries, insufficient review of special duty assignments, and non-compliance with reclassification procedures revealed a general disregard for county policies and procedures and a lack of management control.

**Undocumented Hiring
of Former Coworkers
and Irregular
Personnel Actions
Gave the Appearance
of Favoritism**

Whereas the non-compliance issues listed above applied individually to many OHRM employees, audit staff noted that several employees were associated with multiple irregular actions, such as missing documentation and an irregular hiring process and higher salaries. In some cases, employees received **every** irregular action found by audit staff. A subsequent analysis showed that all but three of the employees that benefited from these multiple irregular actions had ties to the Director from a previous place of employment.

OHRM has the responsibility and obligation to set forth and administer human resources policies and procedures for the

county. In the case of the Director's former coworkers **especially**, OHRM should have exercised the highest level of caution and adherence to guidelines to avoid even the perception of preferential treatment. Instead, OHRM's disregard for county policies, combined with other management decisions during hiring, gave the appearance of favoritism.

In June 1996, the County Executive appointed a new OHRM Director who served until June 1999. Prior to his appointment with the county, the Director served as the Director of Human Resources for the Seattle Public School District (SPSD) and Seattle City Light, a department of the city of Seattle. (Throughout this report, "Director" refers to the OHRM Director between 1996 and 1999.)

Nine People That Worked With the Director in Human Resources for the Seattle Public School District Were Hired Into OHRM

Audit staff found that at least nine OHRM employees hired after June 1996 had worked with the Director in the SPSPD human resources department. Seven of these nine employees ended up in career service positions that had undocumented hiring processes. The other two coworkers were hired into exempt positions, which are not governed by career service guidelines.

Audit staff identified an additional six new OHRM employees that either knew the Director while he was at the city of Seattle or that had been employed at SPSPD during the Director's tenure. Although these employees did not work in the same **office** as the Director, the connection is still noted because they all were associated with an irregular hiring or personnel action. Two of the six employees obtained career service positions, neither of which had a proven competitive hiring process.

Exhibit A lists the original and most recent positions of the former coworkers as well as personnel actions reviewed by audit staff. The first nine employees listed are the employees that worked in the human resources department with the Director at SPSPD, while the remaining six show the other SPSPD employees and city of Seattle work acquaintances.

EXHIBIT A**New OHRM Employees Associated with Director's Former Places of Employment**

Original Position	Original Status/ Division or Section	Most Recent Position	Most Recent Status/ Division or Section	Initial Hiring Step	Missing Hiring Records^a	Irregular Hiring Process^a	Problems with New or Reclassified Position^b	Benefits Waiting Period Waived
Confidential Secretary II	Ex/ Director's	Program Analyst II	CS/ Labor	10	✓	✓	✓	✓
Office Tech III	Temporary/ Unclear	Office Tech III ^c	CS/ Personnel	10	✓	✓	✓	✓
Programmer Analyst II ^d	CS/ Technology	Programmer Analyst II	CS/ Technology	9	✓ ^e	✓	✓	✓
Personnel Analyst III	CS/ Class & Comp	HR Operations Manager	CS/ Class & Comp	9	✓ ^e	unknown	✓	✓
Admin Asst IV	CS/ Class & Comp	Admin Asst IV	CS/ Director's	5	✓ ^e	unknown	✓	✓
Program Coordinator II ^d	CS/ Technology	Information Systems Mgr	CS/ Technology	10	✓ ^e	unknown	✓	n/a
LAN Administrator	Temporary/ Technology	LAN Administrator	CS/ Technology	6 ^f	✓	✓	✓	n/a
Confidential Secretary II	Temporary/ Director's	Conf. Sec. I / Acting Pers. Analyst I	Ex doing CS work/ Personnel	10	n/a	n/a	n/a	✓
Confidential Secretary II	Temporary/ Director's	Confidential Secretary II	Ex/ Director's	10	n/a	n/a	n/a	no
Office Tech II	Temporary/ Labor	Office Tech II	CS/ Labor	3 ^f	✓ ^e	✓	no	no
Personnel Analyst II	Temporary/ Personnel	Personnel Analyst II	CS/ Personnel	3 ^f	✓	✓	✓	no
Admin Asst IV	Ex/ Director's	Deputy Director	Ex/ Director's	10	n/a	n/a	reclassified by Ordinance	✓
Office Tech II	Temporary/ Labor	Office Tech III	TLT/ Labor	5	n/a	n/a	✓	n/a
Labor Negotiator	Temporary/ Labor	Labor Negotiator	Temporary/ Labor	10	n/a	n/a	n/a	n/a
Personnel Analyst II	Temporary/ Personnel	Personnel Analyst II	Temporary/ Personnel	7	n/a	n/a	n/a	n/a

Legend: CS = career service; Ex = exempt

^a A competitive hiring process is not required for exempt or temporary positions.

^b Includes newly created positions as well as those positions reclassified to a higher classification after the employee was hired.

^c This employee was later hired as an HR Info. Spec., laid off, then hired as a recall candidate for a different OTIII position.

^d These employees worked with the former Director at both Seattle City Light and the Seattle Public School District.

^e No hiring files could be found at all for these employees.

^f This step reflects the step awarded upon entry into career service.

SOURCE: Office of Human Resources Management and Information & Telecommunications Services records.

As shown in Exhibit A, all nine of the employees hired into career service positions lacked sufficient hiring records to demonstrate a competitive hiring process. In addition, all of the coworkers were paid over the initial hiring step of step one. Thirteen employees, including coworkers in temporary positions, were hired at or above mid-range. Nine of the coworkers were hired at step 9 or 10 of the county's ten-step pay range for their positions. Although required, no written justification for salaries over step one could be found.

Seven of the ten employees eligible for benefits had the three-month benefits waiting period waived. Nine employees occupied a newly created or reclassified position that was not appropriately reviewed or approved. Further details of Exhibit A -- as well as other examples of irregular personnel actions -- are discussed in the following sections.

Competitive Hiring Could Not Be Verified for Any of the Former Coworkers Hired Into Career Service

Nine of the Director's former coworkers were hired into career service positions. However, none of these files contained sufficient documentation to verify that a competitive hiring process had been conducted. In addition to five hiring files that could not be found at all, examples of missing documentation included:

- One hiring file for a Technology position that was missing all eligible candidate applications, a banding matrix of the candidates, and any evidence of interviews.
- Another hiring file for a Technology position that was missing the cover letter and resume of the hired former coworker, as well as any evidence of interviews.

- One hiring file for a Personnel Services position that was missing a banding matrix of the candidates and evidence of interviews.

All three employees in these examples worked temporarily in their positions before being hired into career service. Further, at least five of the nine career service employees were hired by either the Director or a former coworker of the Director. However, without application materials, a banding matrix, and scored interviews, audit staff could not substantiate or compare the qualifications of the coworkers with other applicants. Consequently, OHRM could not demonstrate that the hiring process for the former coworkers was based on either merit or competition.

**OHRM Ignored
Required Hiring
Process for Former
Coworkers**

In addition to the lack of documentation proving a competitive hiring process, audit staff found at least three cases where OHRM seemingly ignored hiring policies and procedures or applied them inconsistently. In all three cases, the positions were awarded to former coworkers of the Director. One result of ignoring hiring procedures was that qualified internal candidates were turned down for career service positions.

**Qualified Career Service Employees Did Not Receive
First Consideration for Open Career Service Positions**

The hiring authority is required to conduct an internal recruitment for career service positions first. If an internal candidate meets the requirements, he or she should be offered the position unless the hiring authority has compelling reasons to not hire the applicant. If no internal candidates are qualified, the hiring authority may then consider other applicants.

In at least two cases where former coworkers were awarded career service positions, qualified internal candidates were not offered the position even though the job announcement stated that "first consideration will be given to King County career service employees." In these instances, a qualified internal candidate was given low ratings during the banding process that did not correspond to the candidate's qualifications. Moreover, the ratings were given by former coworkers of the Director.

In one example, an internal candidate applying for a Technology position received a "1," or "unacceptable" rating, for the criterion of "knowledge of microcomputer and network operating systems, hardware and software, installation and troubleshooting and systems techniques and principles." However, the candidate's application materials stated that he administered networked computers with five different operating systems; was proficient in the required software applications; and was the primary contact for troubleshooting hardware and network problems.

The low rating also seemed incompatible with the "3", or "acceptable" rating, that the candidate received for "two years of training and experience in computer technical support on a microcomputer hardware/software platform including the installation and troubleshooting of local area networks." An explanation for the difference between the ratings and the candidate's stated experience was not included.

The ratings for the hired former coworker (and external candidate) did not correspond to the application materials, either. For example, the former coworker was given a "3", or "acceptable" rating, for "strong customer service orientation and customer relations skills." However, the coworker did not even respond to the portion of the questionnaire pertaining to this criterion and no other basis for the rating could be found.

OHRM Hired Former Coworkers Not on Eligibility Lists

Audit staff identified two cases where former coworkers hired into career service positions did not appear in the qualified applicant database. After the recruitment period for a career service position is closed, applications are banded and qualified applicants are entered into a database in Personnel Services. These applicants make up the eligibility list from which the hiring authority can hire.

In the first case, OHRM awarded a career service position in the Technology section to a former coworker (and external applicant) who was never entered into the qualified applicant database. The coworker's application was scored, but OHRM could not verify that the application materials had been received before the closing date, since the documents were not date-stamped.

In the second case, a Labor Relations position that was advertised as an "internal recruitment for King County employees only" was filled one year after the recruitment by a former coworker (and external applicant) not on the original eligibility list. Although OHRM had an eligibility list of qualified internal candidates at the close of the recruitment period, the position was not filled by an internal candidate. Instead, the former coworker was hired to work in the position temporarily. After working in the position for several months, the coworker's name was added to the eligibility list and then hired into the career service position. The hiring file was missing, so audit staff could not determine whether other required hiring procedures were conducted.

Several High Starting Salaries Appeared Unjustified

Many of the higher starting salaries for new employees could not be evaluated due to missing application materials. However, audit staff did note several cases where high initial salaries appeared to be unjustified. No supporting documentation

explaining the higher salaries was found. Therefore, audit staff evaluated the starting salaries based on the employee's current salary at time of hire, and whether any hiring information showed the employee to be exceptionally well-qualified. The examples below include employees in both career service and exempt positions. Two employees other than former coworkers of the Director are included.

- A former coworker making \$36,000 per year was hired in the Technology section at step 6, or \$43,675 per year. The new salary represented an increase of over 17%. However, step one of the pay range (\$37,830) was higher than the employee's current salary and no evidence of a special skill or exceptional experience was found.
- An employee earning \$39,500 per year was hired in the Technology section at step 9, or an annual salary of \$50,702. In this case, the initial salary represented a 28% increase. The first step of the pay range (\$40,830) also was over the employee's current salary and no evidence of a special skill or exceptional experience was found. (This employee was not identified as a former coworker, but also had a missing hiring file and a waived benefits waiting period.)
- A former coworker was hired in the Technology section at step 10 because the employee's annual salary exceeded the first step of the range by more than \$8,000. The employee had been employed elsewhere in the county, making \$48,000, for approximately five months before transferring to OHRM. However, instead of placing the employee at step 8 (\$48,189) or step 9 (\$49,469), the former Director placed the employee at step 10 (\$50,577). An e-mail cited the current salary as the reason for awarding step 10.

- A former coworker first hired as a Confidential Secretary was later hired into a Classification/Compensation (Labor) Analyst position. Although the employee had only 1½ years of directly related experience, the manager hired the employee at step 10 on the higher salary range. The increase was about 16% over the employee's current salary.
- A former coworker was first hired as a temporary Confidential Secretary II for the Director and paid at step 10. Several months later, the employee was hired into a full-time Confidential Secretary I position for a division manager and paid at step 4. The initial step 10 salary appeared unjustified for a temporary employee, especially since a later performance appraisal stated that the employee's secretarial skills needed improvement.
- An employee who left OHRM employment at step 6 (\$57,228) was reinstated to the position in Labor Relations eight months later at step 10 (\$64,083). The employee earned a \$61,100 annual salary in the other position; however, step 8 (\$61,262) would have provided a comparable salary once the employee returned to OHRM. The employee also was paid an extra 5% above the step 10 salary upon return for an undocumented special duty assignment.

**Most Career Service
Positions Filled by
Coworkers Had
Questionable or
Improper Approval**

Eight of the nine career service positions filled by former coworkers were unclearly or improperly approved during the position classification process. For example, audit staff found positions for two former coworkers where the hiring process for a reclassified OHRM position was initiated before the reclassification had been approved, or even reviewed. (Audit staff found another two positions with hiring processes initiated before approval. Although not former coworkers, the employees also were identified as having received multiple irregular actions.)

In these instances, the reclassification process was completed after the job announcement for the reclassified position closed. In two cases, positions were opened for recruitment on the same day that the reclassification analysis was assigned. In another case, the hiring process for an unapproved position continued even after the hiring manager was informed that "nothing should happen" until the PDQ had been submitted and reviewed. In that case, an employee was promoted to the position effective the same day the position was approved.

In another example, a position that was listed as vacant was reclassified effective two days before a former coworker's start date. However, the required classification analysis was signed **after** the position's start date and listed the coworker as the incumbent. OHRM's reclassification database also listed the employee as the incumbent in the position. Under the reclassification freeze, a position occupied by an incumbent would not have been eligible for reclassification.

**Most Benefits Waiting
Period Waivers Were
Given to Former
Coworkers**

Prior to 1999, new employees eligible for benefits had to wait for three months before their benefits started. (Benefits were made effective upon date of hire starting January 1, 1999.) The Director had the authority to waive the waiting period at his discretion.

OHRM documents showed that management waived the benefits waiting period for seven of the ten former coworkers eligible for benefits. Four of the coworkers were in career service. The other three coworkers were in exempt positions, including one manager position. In an audit sample of new employees, audit staff identified only three other OHRM employees hired between 1996 and the end of 1998 who received a waiver. Two of the employees, one of whom was a manager, were in career service. The other employee was a manager in an exempt position.

While it is common business practice to offer hiring incentives to managers, the majority of the waivers in OHRM were given to former coworkers not hired into manager positions. Excluding managers, six of the seven employees found to have received a waiver were former coworkers of the Director. Further, records for two former coworkers showed that benefits began before the employee's official hire date. The reason for this discrepancy could not be determined.

Other Examples of Irregular Actions for Former Coworkers

Other personnel actions taken by OHRM toward the Director's former coworkers also gave the appearance of favoritism. These actions resulted in additional monetary compensation to the employee:

- Three former coworkers of the Director were paid special duty or out-of-class pay. In one example, the Deputy Director received out-of-class pay for overseeing an additional division while that division's manager position was vacant. The employee continued to receive the extra pay for three months after OHRM filled the position.

In the two other examples, former coworkers in exempt positions earned special duty pay for doing career service work. Both employees continued to receive special duty pay for months after the official end of the assignment. However, an approved description of the employee's special duties or extension could not be found for either assignment.

- The Director appointed a former coworker working in a temporary position in Personnel Services as acting manager of a different section while that section's manager was on vacation. The employee was authorized to receive special duty pay while in the acting position. It is unclear why a temporary employee was appointed as acting manager rather

than another career service employee or manager, or even whether an acting manager was necessary.

- A former coworker who had worked in OHRM temporarily was hired to backfill a position in the same classification for nine months. The offer letter stated the position would start at step one; however, the salary was increased to step 3 six days after the hire date. No documentation could be found to support the change, including an amended offer letter or evidence of a different negotiated salary.

By ignoring the county's policies and procedures or applying them inconsistently, OHRM appeared to favor certain employees within its own office. Again, in the cases of employees with outside ties to the Director, OHRM should have exercised the **highest** level of caution and adherence to guidelines to avoid even the perception of preferential treatment. The extent of noncompliance throughout the hiring process and other personnel actions indicates that closer Executive monitoring of OHRM's personnel function is required.

This need for increased oversight is further underscored by recommendations made in the Hiring Task Force Report issued in December 1999. The hiring task force was established by a 1999 county ordinance in response to concerns raised by leaders of the county's collective bargaining units. Although the scope of the task force was larger than the scope of this audit, concerns regarding consistency, documentation, and oversight during the hiring process were the same. Many of the report's recommendations for reforming hiring practices countywide include increased responsibilities for OHRM such as overseeing the entire hiring and selection process for county career positions. However, based on audit findings, heightened

Executive monitoring should be focused on OHRM's own hiring processes.

Executive Response to Finding 2-1

"While we agree that record-keeping deficiencies could have caused the appearance of favoritism, we do not agree that the information supports a conclusion that favoritism actually occurred.

"We agree that OHRM hiring files and other personnel records lacked supporting documentation requested by the Auditor and we concur in the need to establish such written procedures for OHRM hiring files.

"Further, during the time period covered by the audit, hiring and other personnel activities in OHRM were decentralized in each division or section. Given this decentralization, central management oversight over such actions was made difficult by the fact that OHRM staff were located in at least five separate physical locations. We agree that this resulted in hiring and personnel actions which were inconsistently and inadequately documented. We agree about the need for greater central management control and oversight over OHRM personnel transactions and have taken steps to resolve this situation."

Auditor's Comment

The hiring and personnel files were missing documentation that was requested by audit staff, and required to be retained under state law. Two of OHRM's primary responsibilities are retaining countywide personnel records and overseeing the human resources function. OHRM did not fulfill either of those responsibilities by being unable to produce hiring and personnel documentation. Decentralization of the hiring process and personnel actions – a decision made during the tenure of the former Director – may have been a contributing factor to insufficient documentation. However, we disagree that separate physical locations for OHRM divisions was the main reason, or even an adequate explanation, for the deficient recordkeeping.

Furthermore, it was not only inconsistent or missing documentation regarding hiring and personnel actions, *but also the actions themselves* that gave the appearance of favoritism. One example cited in the report was a former coworker hired into a career service position even though his name was never entered into the eligible applicant database. This person's name was later handwritten onto the eligibility list and he was given higher scores that were inconsistent with his application materials. In addition, low scores were given to a qualified internal career service candidate applying for the same position. This and other examples in the report directly contradict the statement in the Executive's cover letter that "the information

does not support a finding that any employees in OHRM, including those identified as the former Director's coworkers, were appointed into career service positions without a competitive merit-based selection process."

RECOMMENDATIONS

- 2-1-1** The County Executive, along with the Deputy County Executive and current OHRM Director, should increase oversight and monitoring of OHRM to ensure that all OHRM staff are aware of and adhere to the King County Code, Personnel Guidelines, and internal human resources policies and procedures.

Executive Response

"We concur with this recommendation. Bob Derrick, whom I appointed as OHRM Director in July 1999, has assigned Laurel Sheridan, acting Administrative Services Manager, to review, coordinate, and monitor all personnel related activities affecting OHRM employees, including hiring, classifications and reclassifications, special duty pay assignments, work out of class, lead worker pay, and discipline. Ms. Sheridan, who reports directly to Mr. Derrick, has also been assigned the responsibility to ensure that personnel transactions are properly documented and that such documentation is maintained in centralized files. These actions should ensure closer management control and oversight over OHRM hiring, pay, classification, and other actions to fully resolve the issues identified in this area."

- 2-1-2** Similar to the recommendations in the Hiring Task Force Report, OHRM should formalize its procedures regarding the hiring and selection process for career service positions. Comprehensive, written procedures should be developed, disseminated, and followed by all OHRM employees involved in the hiring process.

Exceptions to the policies and procedures should be few and well-documented. OHRM should be able to provide for the fair and equitable treatment of all OHRM employees by consistently complying with the policies and procedures.

Executive Response

“We concur with this recommendation. OHRM has implemented the recommendations included in the Hiring Task Force Report regarding the hiring and selection process for career service positions in OHRM and within the next 60 days will provide appropriate training to all staff involved in hiring.”

3 OTHER HUMAN RESOURCES ISSUES

FINDING 3-1

OHRM DID NOT SUFFICIENTLY MONITOR TERM-LIMITED TEMPORARY POSITIONS IN OHRM AS NECESSITATED BY THE LOGAN/KNOX SETTLEMENT AND DIRECTED BY THE KING COUNTY EXECUTIVE.

Background

In 1997, King County settled a class action lawsuit (Logan/Knox) regarding its use of part-time and temporary employees. As a result of the settlement, the county changed the King County Code and adopted new policies and procedures to differentiate between “temporary,” and “term-limited temporary,” or TLT, positions and employees.

The code revisions limited temporary employees to a certain number of work hours per calendar year. TLT positions were created as limited exceptions to the rules governing temporary and part-time employees. According to the revised code, TLT positions last longer than six months and entail work related to a specific grant, capital improvement project, information systems project, or other nonroutine substantial body of work. (See Appendix 1, page 53 for more detailed definitions.)

Monitoring Required by OHRM

At the time of the settlement, the King County Executive directed OHRM to monitor temporary and part-time employment by preparing a database on temporary and part-time employees, issuing regular reports to departments on temporary and part-time employee use, and reviewing all temporary and part-time employee hires. In addition, council provisos in the 1999 and 2000 Adopted Budgets required the Executive to submit regular reports regarding TLT use to the council.

**Procedures for
Requesting TLT
Positions**

Starting in September 1999, departments could route requests for TLT positions on-line to the Special Employment section in OHRM. Departments requesting a new TLT position must submit a completed short position description questionnaire (PDQ) and specify a funding source along with a body of work description. Requests for new TLT positions and extensions must be approved by a Personnel Analyst, the Special Employment Manager, the Personnel Services Manager, and the Deputy Director or Director. All position extensions requested at the end of 1999 also required approval by the Deputy County Executive.

In October 1999, audit staff reviewed ITS payroll records, the TLT database maintained by OHRM, and all TLT files for OHRM term-limited positions. Audit staff found that the documentation was insufficient to determine the actual number of TLT positions in OHRM. In addition, the analysis revealed that TLT positions were approved and extended without following required procedures. Exhibit B shows the TLT positions found in each data source and whether the documentation required for tracking, approving, and extending TLT positions was available.

EXHIBIT B**TLT Positions Filled in OHRM Between 1997 and October 1999^a**

Position Title/ Division	Coded as TLT on Payroll?	Found in OHRM Database?	Located in OHRM TLT Files?	PDQ Approved on Time and in File?	Funding Source Indicated ^b ?	Position Either Extended or Employee Left by Expiration Date?
Benefits Specialist/ Benefits	Yes	No	Yes	Yes	No	No
Benefits Specialist/ Benefits	Yes	Yes	Yes	Yes	No	Yes
Benefits Specialist/ Benefits	Yes	Yes	Yes	Yes	Yes	n/a ^c
Conf. Sec. I/Labor	Yes	No	No	No file	No file	No file
Conf. Sec. I/PSD	Yes	Yes	Yes	No	Yes	n/a ^c
Deferred Comp Coord/ Benefits	Yes	No	No	Yes	n/a	Converted to regular position
Office Tech III/Labor	Yes	No	No	No file	No file	No file
Office Tech III/PSD	Yes	No	No	No	n/a	No
Office Tech III/PSD	Yes	Yes	No	No file	No file	No file
Office Tech III/PSD	Yes	No	No	No file	No file	No file
Office Tech I/Benefits	Was not yet hired	No	Yes	No	Yes	n/a ^c
Office Tech I/Safety	No	Yes	Yes	Only for extension	n/a	No
Pers Analyst II/PSD	Yes	Yes	Yes	No	n/a	No
Pers Analyst I/Labor	Yes	Yes	Yes	Yes	No	n/a ^c
Prog Analyst III/ Benefits	Yes	Yes	Yes	No	Yes	n/a ^c
Programmer I/Tech	Yes	Yes	No	No file	No file	No file
Programmer I/Tech	Yes	No	No	No file	No file	No file

^a This chart includes all positions located by audit staff during fieldwork in October 1999.

^b Funding sources were not required as part of the approval process prior to September 1999.

^c Project end date was after audit fieldwork.

SOURCE: ITS payroll records; TLT and personnel files in OHRM.

The Number of Actual TLT Positions in OHRM Could Not Be Determined

As shown in Exhibit B, information between ITS payroll records, and OHRM's TLT database and accompanying TLT files was inconsistent; therefore, audit staff could not determine the actual number of TLT positions in OHRM. According to payroll records and human resources documents such as payroll turnaround and

job announcements, at least 17 filled TLT positions existed in OHRM from 1998 through October 1999. However, only nine approved TLT positions were found both in the TLT database and in the TLT files. (The nine positions in the database did not all correspond to the nine TLT files.) Further, in some cases, the 10-digit number required to identify the positions did not correspond to the position. For example, the position number used on the PDQ for an Office Technician III position in Personnel Services was the same as the position number used for a Benefits Specialist in the TLT database.

OHRM Had More TLT Employees Than Approved TLT Positions

The number of TLT workers employed in OHRM was greater than the number of approved TLT positions. In two cases, more than one person was employed in a TLT position due to employee turnover. However, turnover only partially explains the difference between the number of approved positions and the number of TLT employees shown in payroll and other OHRM records. No documentation or approvals could be found at all for two filled TLT positions each in Labor Relations, Personnel Services, and Technology.

TLT Positions Were Approved and Extended Without Following Procedures

The last three columns in Exhibit B show whether procedures were followed in the approval and extension of TLT positions. In many instances, OHRM did not adhere to the procedures required for sufficient monitoring. For example:

- Before a new TLT position can be approved, OHRM must review and sign the short form PDQ that describes the job duties of the TLT. Five out of the ten TLT files available for review did not contain a PDQ that was approved according to procedures. One TLT file was missing a signed PDQ, and one file contained a PDQ signed two months after the employee started employment. In three cases, the TLT

position was approved **before** the PDQ was reviewed and signed. In one of these cases, the requesting manager obtained approval for a position directly from the OHRM Director, bypassing appropriate review procedures. The required PDQ and accompanying paperwork was approved after an offer was made to the TLT employee.

- In at least four instances, TLT employees were allowed to work past their position's expiration date. A request for an extension was either not filed until after the expiration date or not found at all. One reason is that OHRM was not actively monitoring the end dates of TLT positions.⁹ At the time of the audit, no report existed that would allow OHRM to view upcoming expiration dates of TLT positions. Therefore, each division or section manager was responsible for either terminating an employee by the position's end date or requesting and receiving approval for an extension before the position's end date. Allowing employees to work past their expiration date without approval directly contradicts the direction for monitoring given by the Executive and the County Council due to the Logan/Knox settlement.
- As of September 1999, departments were required to list the funding source for a TLT position before approval could be obtained. However, in three cases, OHRM approved requests for TLT positions in OHRM when the funding source was not included. Listing the funding source is not only a requirement for position approval, but also necessary for sufficient monitoring. Additionally, the funding source is part of the reporting requirement to the council.

⁹ OHRM also did not monitor the end dates for TLT positions in other county departments.

Both the insufficient documentation and non-compliance with approval procedures demonstrate a lack of necessary oversight. Audit staff only reviewed those TLT positions in OHRM; however, in addition to the lack of monitoring for TLT position end dates, it is possible that the same oversight issues exist for all TLT positions countywide. Given the changes necessitated by the Logan/Knox lawsuit, it is imperative that the county actively and adequately monitor all of its TLT positions.

Executive Response to Finding 3-1

"We agree that the audit revealed deficiencies in OHRM's procedures for monitoring TLT positions, particularly in the months immediately after TLT positions were first created by ordinance when OHRM initially developed and implemented the request, approval, and monitoring protocols and procedures. The new procedures coupled with numerous operating department requests for TLT approvals contributed to these deficiencies. We were aware of the deficiencies of the procedures and protocols initially developed, and as described below, we have taken a number of steps to resolve the identified problems and to ensure that compliance with the Logan/Knox settlement and Executive directives are ensured."

Auditor's Comment

The audit did not reveal deficiencies in monitoring procedures that were initially developed. Rather, the audit found that OHRM staff were not *following* the procedures for approving TLT positions. As mentioned in the report, some TLT positions were approved without review of the required PDQ; others were approved without a body of work description or funding source. Missing TLT files and approved documentation also would not seem to be caused by a deficiency in monitoring procedures. These problems continued through 1999, nearly two years after TLT positions were first created.

One area where sufficient procedures were not in place was monitoring to determine whether TLT employees were working past their expiration date without an approved extension. These procedures were not among those procedures initially developed. OHRM has acknowledged the need for active monitoring and has indicated in their response that they are taking corrective action.

RECOMMENDATIONS

- 3-1-1** OHRM should update and improve its recordkeeping to reflect the actual number of approved TLT positions in OHRM. In addition, OHRM should establish procedures for regular

reconciliation of payroll records, the TLT database, and the TLT files to ensure compliance with the Logan/Knox settlement.

Executive Response

“In September 1999 OHRM designed and implemented a comprehensive automated TLT request, approval, and monitoring system. Initial programming difficulties in transporting data from the prior database to the current database have largely been resolved. OHRM has also instituted quarterly automated and manual reconciliations of payroll records, TLT database information, and TLT files in order to ensure compliance with the Logan/Knox settlement and county policies and procedures. We will continue to work with Council staff and others to improve monitoring capabilities of the automated system. It should be recognized, however, that ongoing reconciliation of payroll records and the TLT database will continue to be problematic until the human resources PeopleSoft module is implemented county-wide with a comprehensive position management system.”

- 3-1-2** The OHRM Director should monitor the TLT approval process to ensure adherence to approval procedures. TLT positions should not be approved or extended unless appropriate documentation and review has been completed.

Executive Response

“We concur. Requests for approval or extension of OHRM TLT positions are now centrally monitored by Ms. Sheridan and problem areas are raised directly with the OHRM Director. Further, within 30 days the Special Employment section will develop and implement periodic reporting procedures to apprise the OHRM Director of the status of TLT approval and extension compliance county-wide, as well as recommended corrective actions to be taken.”

- 3-1-3** The Special Employment section should create a report that lists those TLT positions with upcoming expiration dates and distribute the report in a timely manner to OHRM division and section managers. The Special Employment section, together with the other OHRM managers, should monitor the expiration dates and not allow TLT employees to continue working in expired positions unless the position has been reviewed and approved for extension.

Executive Response

"We concur. The Special Employment section has developed such a report and will implement it immediately not only within OHRM but also with all other executive departments."

3-1-4

OHRM should add controls to the TLT database that require mandatory fields such as the funding source to be appropriately filled out before the request can be submitted for processing.

While the scope of the audit only included TLT positions in OHRM, these recommendations reflect the necessary monitoring actions for all TLT positions in the county.

Executive Response

"We concur. This has already been implemented county-wide in the September 1999 automation of the TLT request, approval, and monitoring process. We will continue to work with Council staff and others to implement programming changes to improve the automated system."

Auditor's Comment

Although OHRM added the funding source as a field in the database, at the time of audit fieldwork it still was possible to submit a position for approval without completing the funding source field. As noted in the report, audit staff found at least three cases in OHRM after the database implementation where positions were submitted and approved without specifying the funding source. OHRM needs to create controls in the program that prevent someone from bypassing required fields and submitting the request for approval.

FINDING 3-2

OHRM DID NOT MAINTAIN RECORDS IN ACCORDANCE WITH STATE LAW, THEREBY NEGLECTING ITS RESPONSIBILITIES AS THE COUNTY'S PRIMARY PERSONNEL RECORDHOLDER.

**Records Retention
Required by State and
County**

State law prohibits public records from being destroyed until approved for destruction by the state. Counties may either 1) submit lists of noncurrent public records to the state's local records committee for destruction approval, or 2) seek state approval of a records control program that sets a schedule for retaining and destroying public records. In accordance with state

law, King County has established a state-approved records control program for the retention and disposition of its records.

Under the county's recordkeeping plan, OHRM is the primary recordholder of personnel history files for all county employees. Documents required in the personnel files include payroll turnaround documents, which show employee status changes such as promotions and salary increases; W-4 federal withholding tax forms; I-9 immigration forms; benefits forms; applications and hire letters; performance appraisals; and special duty pay authorization forms.

**OHRM Had Three Year
Filing Backlog
Containing Hundreds
of Documents**

OHRM's Personnel Services Division maintains the county's personnel history files in a central filing room. At the time of the audit, the central filing room contained stacks of unfiled personnel documents, some dating back to 1996. The filing backlog included countywide records as well as OHRM documents.

After audit staff asked OHRM to search the unfiled documents for all records pertaining to OHRM employees, OHRM produced over 300 payroll and personnel documents for 48 OHRM employees. Unfiled records included payroll turnaround documents; W-4, I-9, and benefits forms; and hire letters. Of the 48 OHRM employee files with backlogged records,

- Forty-four files (92%) had unfiled payroll turnaround documents. Thirty-one of these 44 files (70%) had unfiled turnaround documents that reflected the employee's current position and salary.
- Twenty-one files (44%) had documents from 1997 or 1998 waiting to be filed.
- Nine files (19%) had unfiled W-4, I-9, and/or benefits forms.

Note: The unfiled payroll turnaround and benefits documents mentioned above were those copies belonging in the personnel files. Audit staff did not review files maintained by the Benefits Division. Also, the only payroll files reviewed were for those employees with payroll information missing from their personnel file. Much of the documentation needed to create an audit trail was obtained from the payroll files.

Required Documentation Including Personnel Files Could Not Be Located

Audit staff chose a cross-section of 25 OHRM personnel files for review. The sample included employees hired into career service and exempt OHRM positions between 1996 and 1999. Both audit and OHRM staff were unable to locate two of the personnel files. Records belonging in both files, however, were found in the unfiled documents.

In addition, at least one record required for retention was missing from each of the other 23 files. Although documentation for 17 of the 25 total files was found in the filing backlog, unfiled documents did not account for all of the missing records. Examples of missing information included:

- One employee file consisted solely of one payroll turnaround document. The filing backlog contained only two payroll documents for the employee. Other required records such as W-4, I-9 and benefits forms, and the employee's application could not be located. Likewise, no special duty pay authorization could be found, even though the employee earned over \$1,000 in special duty pay in 1999.

- One file contained no documents prior to 1998, although the employee had worked for the county for over eight years. The filing backlog contained only one payroll turnaround document for the employee.
- Twenty-one of the 23 files (91%) did not contain payroll turnaround documents with the employee's current position and salary. Current payroll turnaround documents for only 11 employees were found in the filing backlog.
- Nine performance appraisals for 1998 could not be located in the central filing room. Audit staff were told that some managers kept the reviews in their own records, even though they had been asked to forward them for central filing.

No Files Were Kept for Temporary Employees

OHRM does not maintain personnel files for temporary employees in OHRM. Although King County's recordkeeping policy does not stipulate that personnel files be kept for temporary employees, payroll turnaround documents and W-4 forms do have to be retained. During review and analysis of OHRM documentation, audit staff found that several career service and exempt employees began employment in OHRM as temporary workers. However, payroll information from ITS did not confirm their former temporary status. The inconsistency between the OHRM documents and the central payroll records limited audit staff's ability to determine both the number of temporary employees in OHRM as well as how many employees had moved from temporary to regular positions.

No Employee Was Responsible for File Maintenance or Records Retention

The file disorganization was caused, in part, by management's inattention to recordkeeping. At the time of the audit, no employee was responsible for filing or file maintenance. Records required for retention were sometimes kept by employees instead of in the central filing room. Also, no employee was in

charge of records retention and no plan by management was in place to address the filing backlog.

By making file maintenance a low priority, OHRM did not fulfill its role as the county's primary recordholder of personnel documents. Many documents required for retention were unfiled, kept in locations they should not have been, or lost. One result was that OHRM could not provide efficient and timely follow-up on information requests. Moreover, without documentation, OHRM was unable to verify or justify personnel actions. For example, written authorization for special duty pay provides evidence that both management and the employee agreed to the conditions for a special work assignment.

Executive Response to Finding 3-2

"We agree that a significant filing backlog had developed at the time the audit was conducted. Lack of staff resources has been an ongoing issue for this function."

RECOMMENDATIONS

- 3-2-1** OHRM should develop and implement an immediate plan for eliminating the filing backlog. In addition, OHRM should conform to state law by establishing and following procedures that make records retention a priority and ensure the timely and accurate filing of employee information.

Executive Response

"We concur. OHRM has already eliminated the filing backlog for its central personnel files. OHRM has also convened an interdepartmental task force which has made recommendations to streamline the maintenance of official personnel files county-wide and to clarify roles and responsibilities of OHRM and operating departments to ensure effective, efficient, and legally compliant records retention. OHRM will proceed to finalize county policy in this area per the recommendations of the task force and anticipates county-wide implementation of the policy by January 1, 2001."

- 3-2-2** OHRM's filing plan should include provisions for maintaining personnel files for temporary workers that include, at a minimum, payroll turnaround documents and W-4 withholding forms.

Executive Response

"We concur. Same response as to Recommendation 3-2-1 above."

FINDING 3-3

OHRM MADE CHANGES TO THE PERSONNEL GUIDELINES IN 1997 THAT REMOVED A KING COUNTY CODE PROVISION AND WEAKENED CONTROLS OVER SALARY ADMINISTRATION, CREATING THE POTENTIAL FOR A SUBSTANTIAL BUDGETARY IMPACT.

OHRM made changes to the Personnel Guidelines twice during the period covered by the audit: once in May 1997 and again in October 1999. Audit staff reviewed and compared the different versions of the Personnel Guidelines as they pertained to OHRM hiring practices and salary administration. The initial major changes were made in May 1997 under the former Director and are highlighted in Exhibit C.

EXHIBIT C
Personnel Guidelines Changes

	Guidelines Prior to May 28, 1997	Changes Effective May 28, 1997
Initial Hiring Salary	<p>Department directors "should utilize the following criteria when hiring above step one":</p> <ul style="list-style-type: none"> The selected candidate has a current salary above the first step of the position's salary range. A candidate can demonstrate that his/her education and experience are significantly above the minimum requirements for the position and a salary above step one is warranted and required to get job acceptance. A candidate has a special skill, talent, knowledge, or ability that the county desires and cannot obtain without making a salary step exception. 	<p>Changes criteria to "examples of situations" where a department director may determine it is necessary to hire above the first step:</p> <ul style="list-style-type: none"> No significant change in wording. The candidate's education and experience are significantly above the minimum requirements for the position. The candidate has an especially desirable skill, talent, knowledge, or ability. <p>Adds the following: Department directors have to submit a copy of the appointment letter and a statement of the reason for hiring above the first step to the OHRM director at the time of hire.</p>
Probationary Salary Increase	<p>Upon completion of the probationary period, an employee's salary may be advanced to the next higher step when the employee's probationary salary is at Step 2 or higher. Such an increase may not exceed Step 5 except upon written approval of the Director.</p>	<p>Eliminates approval for increases exceeding Step 5. However, approval is required per KCC 3.15.020.</p>
Promotional Salary Increase	<p>A promotional salary increase cannot exceed 7.5% above the former rate of pay.</p>	<p>Employee can be placed at any higher step in the salary range (with director approval and funding).^a</p>
Special Duty Pay	<ul style="list-style-type: none"> Special duty pay is restricted to 60 days. For limited supervisory authority only. Employee is eligible for extra pay to maximum of 5% over current salary. 	<ul style="list-style-type: none"> Special duty is extended to as long as needed, with a review after 12 months. Eliminates supervisory requirements; includes "out-of-class" pay. Employee will receive at least 5% increase over current salary.^b
Out-of-Class Pay	<ul style="list-style-type: none"> Employee may work out-of-class in a vacant position for up to 60 days. Employee paid at the first step of the range assigned to the higher classification or at a step that most closely approximates 5% above current salary. 	<ul style="list-style-type: none"> Criterion for working in a vacant position deleted. Section combined with special duty. Inclusion in special duty section means that the employee now earns at least 5% increase above current salary.

^a Changes to the 1999 Personnel Guidelines limit promotional salary increases to either the first step of the new salary range or the step which is the equivalent of two steps more than the employee's former salary step (approximately 5%). However, this limit **only** applies to promotions resulting from a reclassification.

^b Changes to the 1999 Personnel Guidelines provide for special duty pay increases that are the equivalent of a two-step increase (approximately 5%) for employees performing work assigned to a higher job classification. Employees performing work appropriate to the current salary range still will receive an increase of at least 5%.

SOURCE: King County Personnel Guidelines ; 1993, 1998 (effective 5/97), and 1999.

**OHRM Failed to
Include Required Code
Provision in Personnel
Guidelines**

As shown under probationary salary increases in Exhibit C, the King County Code states that such increases may not exceed step 5 unless approved by the OHRM Director. Until May 1997, this provision was included in the Personnel Guidelines. However, in violation of the county code requirement, OHRM omitted the approval – and therefore, oversight – of these increases from the revised Personnel Guidelines. It is unclear why OHRM failed to include this code provision.

**Standards and
Oversight of Salary
Provisions Were
Weakened**

Exhibit C also illustrates that the revised Personnel Guidelines provided less control over salary provisions such as hiring above step one, increasing salaries at the end of probation or upon promotion, and awarding special duty and out-of-class pay. For example, before the changes were made, department directors were instructed to use three criteria to hire above step one of a pay range. In 1997, the criteria were changed to “examples of situations” where a director could hire above step one.

Note: OHRM did add a requirement that directors submit justification for higher initial salaries to the OHRM Director. Audit staff did not review documentation for other departments; however, as discussed in Finding 2-1, written justification was not found for OHRM employees hired above step one.

Likewise, in the older set of Personnel Guidelines, a salary increase upon promotion could not exceed 7.5% of the employee’s former rate of pay. In 1997, they were revised so that an employee could be placed at **any** higher step in the salary range.

In addition, prior to the changes, a special duty assignment was restricted to 60 days and granted only for limited supervisory authority. Extra pay was limited to a maximum of 5% above the employee’s current salary. After May 1997, special duty assignments were extended to as long as necessary with a

review after 12 months. A salary increase of at least 5% was required, with **no** maximum amount specified.

Some effects of the Personnel Guidelines changes were beneficial: relaxing the requirements for initial hiring salaries and special duty assignments gave the managers increased flexibility for hiring employees and also for operating during the reclassification freeze. However, the changes also weakened controls and created the potential for substantial budgetary impacts. For example, Exhibit D shows the impact the 1997 Personnel Guidelines changes had on the special duty pay in 1998 and 1999 for just one Labor Relations employee.

EXHIBIT D

Effects of Personnel Guidelines Changes on Special Duty Pay Awarded to One OHRM Employee for 16 Months

Employee's Base Salary	Special Duty Pay Received Under May 1997 Guidelines ^a	Allowable Special Duty Pay Prior to May 1997 Changes ^b	Difference in Special Duty Pay
\$3,227/month (1998)	\$323/month or 10%	\$161/month or 5%	\$162/mo x 9 mos. = \$1,458
\$3,454/month (1999)	\$349/month or 10%	\$172/month or 5%	\$177/mo x 7 mos. = \$1,239
TOTAL:			\$2,697

^a The salary increase for special duty under the May 1997 Personnel Guidelines is at least 5%.

^b The salary increase for special duty prior to the May 1997 changes was limited to a maximum of 5%.

SOURCE: OHRM personnel and payroll records.

Exhibit D summarizes the special duty pay awarded to an employee in the Labor Relations Division starting in January 1998. Four months after the manager gave the employee a three-step merit increase to \$3,227/month, or step 8 on pay range 43, the employee began a special duty assignment. The manager paid the employee an additional \$323 per month, or a 10% salary increase equivalent to step 3 of range 52. The employee earned this level of special duty pay for nine months. Until May 1997, the Personnel Guidelines would have limited the

special duty pay increase to \$161 per month, or a 5% increase equivalent to step one of range 52.

In January 1999, the manager awarded the employee another two-step merit increase from step 8 to step 10 on range 43, or \$3,454 per month. After the merit increase, the manager awarded the employee an extra \$349 per month in special duty pay. The increase maintained the additional 10%, and raised the employee's pay to the equivalent of step 5 on range 52. The employee earned this level of special duty pay for seven months.

Again, prior to 1997, the increase would have been limited to 5%, or \$172 per month. In total, the manager was able to award the employee an additional \$2,697 in special duty pay under the revised Personnel Guidelines.

Promoted Employee Given 15.5% Monthly Salary Increase

Further, in August 1999 the Labor Relations manager promoted the employee into the position for which the employee had been earning special duty pay. Upon promotion, the manager awarded the employee a salary at step 7 of range 52. Prior to 1997, the promotional increase would have been limited to 7.5% of the employee's base salary, or step 4 of the new range. Instead, under the revised Personnel Guidelines, the manager could place the employee at **any** step on the salary range. As a result, the employee received a 15.5% monthly salary increase, or double the limit under the previous Personnel Guidelines.

OHRM Did Not Inform Employees That Personnel Guidelines Had Been Changed

In 1997, OHRM held forums with decentralized human resources personnel to review and discuss proposed changes to the Personnel Guidelines. In a survey by audit staff, human resources personnel in most executive branch departments reported an overall familiarity with those changes. In 1999, OHRM again held forums regarding changes in certain personnel

policies and procedures. This time, however, OHRM later did not inform human resources employees in other departments, or even employees within their own office, when the Guidelines had been changed.

**Guidelines Changes
Were Published
Without Required
Executive Approval**

The revision date on the final document was October 1999, and the revised Personnel Guidelines were placed in the public folders for countywide viewing in March 2000. As of April 2000, human resources employees still had not been notified of the new Personnel Guidelines which included changes to leave benefits and salary administration. Further, the Guidelines were posted before being approved by the County Executive as required by the King County Code. Consequently, OHRM risked inconsistent implementation and non-compliance countywide since it was unclear when the updated policies and procedures actually went into effect.

**Executive Response to
Finding 3-3**

"We agree with the findings with respect to the changes made in the Personnel Guidelines. I should also note that OHRM made these changes in consultation with operating departments and the Executive Office. Most of the revisions made in the Personnel Guidelines that are cited in this finding incorporated ordinances involving the Logan/Knox settlement, the Federal Medical and Family Leave Act, and the King County Family Medical Leave policy. While it is true that OHRM did not provide extensive notice regarding these changes in the Personnel Guidelines, OHRM did meet with department representatives and management on each of the ordinances separately to ensure that departments were familiar with the changes in policies and procedures in these respective areas."

Auditor's Comment

The Personnel Guidelines changes that are cited in this finding involve salary administration. We assume that the revisions for the ordinances mentioned refer to those changes made in 1999. These changes were referenced in the finding because OHRM did not provide any formal notice of their inclusion, or of other changes also made to salary administration.

RECOMMENDATIONS

- 3-3-1** OHRM should either restore and follow the King County Code provision regarding written approval by the OHRM Director for

probationary salary increases exceeding step 5 or submit a code revision to the council for consistency between the code and the Personnel Guidelines.

Executive Response

"We concur. OHRM will submit to the Council within 60 days an ordinance to revise this Code provision."

Auditor's Comment

We recognize that requiring the signature of the OHRM Director for every probationary increase over step 5 is burdensome. However, we believe that the intent of the code for controlling unnecessarily high beginning salaries should be maintained. See also the Auditor's Comment for recommendation 3-3-2.

3-3-2

OHRM should strengthen budgetary controls over promotional salary increases by reinstating a maximum amount or percentage increase in the Personnel Guidelines. The maximum should provide enough flexibility to appropriately compensate employees in addition to containing costs.

Executive Response

"We disagree with this recommendation. In a previous revision to section 6.4 the Personnel Guidelines, new employees are allowed to be hired above the first step of the applicable salary range under certain conditions. Imposing a maximum amount or percentage for promotional salary increases, as proposed, would categorically disadvantage internal employees who are hired compared to external candidates. We do not believe that this is fair for county employees, nor is it advisable for effective employee recruitment and retention."

Auditor's Comment

The King County Code refers to the first step of a salary range as the "recruiting step." The code also limits probationary increases to step 5 unless approved by the OHRM Director. Both items provide budget controls for beginning salaries and thus, predictability for accurate budget forecasting. They also provide for the fair treatment of employees. For example, as long as exceptions are limited, most career service employees begin county employment at step one.

Limits on promotional salaries serve the same purpose. OHRM indicates that with a promotional salary cap, internal employees are "categorically disadvantaged" because their potential salary increase is limited but the salaries of the external candidates are not. However, internal employees are only at a disadvantage if external employees are routinely hired in at steps higher than step one. For example, with a 7.5% maximum promotional increase, a Personnel Analyst I at step 7 could be placed on step

3 at the Personnel Analyst II level – higher than an external employee hired at the recruiting step. The restriction on initial hiring salaries already protects internal employees from unfair treatment *if* the guidelines are followed.

Recruitment also should not be adversely affected by adhering to the policy of hiring at step one. Salary is only one component of the compensation package. Other reasons for applying at the county include an excellent benefits package, a shorter workweek, and relatively stable employment. If a department has difficulty attracting qualified applicants because the salary is non-negotiable, then the job classification should be changed, not the code.

- 3-3-3** In accordance with the Personnel Guidelines, OHRM should ensure that a statement of the reason for hiring OHRM employees above the first step is submitted to the Director at the time of hire. For OHRM employees, both the statement and approval of higher initial salaries by the Director should be retained in the employee personnel files.

Executive Response

“We concur and will implement immediately.”

- 3-3-4** OHRM should create and follow procedures to ensure that:
- Personnel Guidelines changes are not posted prior to approval by the County Executive;
 - departments and human resources employees receive timely notification about changes made to the Personnel Guidelines; and
 - representatives from other departments are not only included in the decision-making process for changes but also involved in their coordinated implementation to maximize consistency and decrease non-compliance.

Executive Response

“We concur and will implement immediately.”

APPENDICES

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APPENDIX 1

KING COUNTY CODE SECTION 3.12.010 PERSONNEL SYSTEM

3.12.010 Definitions

- “Basis of merit” means the value, excellence or superior quality of an individual’s work performance, as determined by a structured process comparing the employee’s performance against defined standards and, where possible, the performance of other employees of the same or similar class.
- “Career service employee” means a county employee appointed to a career service position as a result of the selection procedure provided for in the chapter, and who has completed the probationary period.
- “Career service position” means all positions in the county service except for those which are designated by Section 550 of the charter as follows” : All elected officers; the county auditor, the clerk and all other employees of the county council; the county administrative officer; the chief officer of each executive department and administrative office; the members of all boards and commissions; administrative assistants for the executive and one administrative assistant each for the county administrative officer, the county auditor, the county assessor, the chief officer of each executive department and administrative office and for each board and commission; a chief deputy for the county assessor; one confidential secretary each for the executive, the chief officer of each executive department and administrative office, and for each administrative assistant specified herein; all employees of those officers who are exempted from the provisions of this chapter by the state constitution; persons employed in a professional or scientific capacity to conduct a special inquiry, investigation or examination; part-time and temporary employees; administrative interns; election precinct officials; all persons serving the county without compensation; physicians; surgeons; dentists; medical interns; and student nurses and inmates employed by county hospitals, tuberculosis sanitariums and health departments of the county.

Divisions in executive departments and administrative offices as determined by the county council shall be considered to be executive departments for the purpose of determining the applicability of Section 550 of the charter.

All part-time employees shall be exempted from career service membership except, all part-time employees employed at least half time or more, as defined by ordinance, shall be members of the career service.

- “Class” or “classification” means a position or group of positions, established under the authority of this chapter, sufficiently similar in respect to the duties, responsibilities and authority thereof, that the same descriptive title may be used to designate each position allocated to the class.
- “Director” means the chief officer of administrative office of human resources management.
- “Exempt employee” means an employee employed in a position that is not a career service position under Section 550 of the charter. Exempt employees serve at the pleasure of the appointing authority.
- “Exempt position” means any position excluded as a career service position by Section 550 of the charter. Exempt positions are positions to which appointment may be made directly without a competitive hiring process.

APPENDIX 1 (Continued)

- “Provisional appointment” means an appointment made in the absence of a list of candidates certified as qualified by the director. Only the director may authorize a provisional appointment. An appointment to this status is limited to six months.
- “Provisional employee” means an employee serving by provisional appointment in a regular career service. Provisional employees are temporary employees and excluded from career service under Section 550 of the charter.
- “Recruiting step” means the first step of the salary range allocated to a class unless otherwise authorized by the executive.
- “Regular position” means a position established in the county budget and identified within a budgetary unit’s authorized full time equivalent (FTE) level as set out in the budget detail report.
- “Temporary employee” means an employee employed in a temporary position and in addition, includes an employee serving a probationary period or is under provisional appointment. Under Section 550 of the charter, temporary employees shall not be members of the career service.
- “Temporary position” means a position which is not a regular position as defined in this chapter and excludes administrative intern. Temporary positions include both term-limited temporary positions as defined in this chapter and short-term (normally less than six months) temporary positions in which a temporary employee works less than nine hundred ten hours in a calendar year in a work unit in which a thirty-five hour work week is standard or less than one thousand forty hours in a calendar year in a work unit in which a forty hour work week is standard, except as provided elsewhere in this chapter. Where the standard work week falls between thirty-five and forty hours, the director, in consultation with the department, is responsible for determining what hour threshold will apply.
- “Term-limited temporary employee” means a temporary employee who is employed in a term-limited temporary position. Term-limited temporary employees are not members of the career service. Term-limited temporary employees may not be employed in term-limited temporary positions longer than three years beyond the date of hire, except that for grant-funded projects, capital improvement projects, and information systems technology projects. The maximum period may be extended up to five years upon approval of the director. The director shall maintain a current list of all term-limited temporary employees by department.
- “Term-limited temporary positions” means a temporary position with work related to a specific grant, capital improvement project, information systems technology project or other nonroutine, substantial body of work, for a period greater than six months. In determining whether a body of work is appropriate for a term-limited temporary position, the appointing authority will consider the following:
 - a. grant-funded projects: These positions will involve projects or activities that are funded by special grants for a specific time or activity. These grants are not regularly available to or their receipt predictable by the county;
 - b. information systems technology projects: These positions will be needed to plan and implement new information systems projects for the county. Term-limited temporary positions may not be used for on-going maintenance of systems that have been implemented;
 - c. capital improvement projects: These positions will involve the management of major capital improvement projects. Term-limited temporary positions may not be used for on-going management of buildings or facilities once they have been built;
 - d. miscellaneous projects: Other significant and substantial bodies of work may be appropriate for term-limited temporary positions. These bodies of work must be either nonroutine projects for the department or related to the initiation and cessation of a county function, projects, or department;

APPENDIX 1 (Continued)

- e. seasonal positions: These positions will work for more than six consecutive months, half time or more, with total hours of at least nine hundred ten in a calendar year in a work unit in which a thirty-five hour work week is standard or at least one thousand forty hours in a calendar year in a work unit in which a forty hour work week is standard, that due to the nature of the work have predictable periods of inactivity exceeding one month. Where the standard work week falls between thirty-five and forty hours, the director, in consultation with the department, is responsible for determining what hour threshold will apply; and
- f. temporary placement in regular positions: These are positions used to back fill regular positions for six months or more due to a career service employee's absence such as extended leave or assignment on any of the foregoing time-limited projects.

All appointments to term-limited temporary positions will be made by the appointing authority in consultation with the director prior to the appointment of term-limited temporary employees. (Ord. 13377 § 2, 1998: Ord. 12943 § 1, 1997: Ord. 12498 § 3, 1996; Ord. 12014 § 5, 1995).

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APPENDIX 2

EXECUTIVE'S RESPONSE



King County Executive
RON SIMS

RECEIVED

SEP 01 2000

KING COUNTY AUDITOR

August 29, 2000

Don Eklund
King County Auditor
516 Third Avenue, Room 1020
Seattle, WA 98104

Dear Mr. Eklund:

I am transmitting my official response to the final draft management audit report of the Office of Human Resources Management (OHRM) Hiring Practices, which was provided to me on August 15, 2000.

The audit report included findings and recommendations in the following areas: (1) OHRM hiring and personnel practices; (2) OHRM monitoring of term limited temporary (TLT) positions; (3) OHRM maintenance of official personnel records; and (4) OHRM changes to the Personnel Guidelines in 1997. With certain exceptions, as set forth below and in the attached Executive Response, I concur with the findings and recommendations in the draft audit report.

As the audit report states, during the last four years, the county has undergone many significant changes. These have included the county's merger with the former Department of Metropolitan Services (Metro), work on and settlement of two major class action lawsuits (Logan/Knox and Clark), decentralization of human resource functions, and changing county Executive leadership. The merger with Metro presented unique challenges in many human resource areas due to different information systems to address, different human resource procedures, and different pay structures. In short, there were many factors that contributed to the lack of documentation and other findings reached by the audit report.

With respect to the first area of the audit report, as you know, in July 1999, I appointed Bob Derrick as Director of OHRM. Mr. Derrick was formerly Director of the Department of Development and Environmental Services, and was serving on my staff leading county wide organizational change initiatives. Mr. Derrick recognized that the decentralized manner in which OHRM had been conducting its own personnel transactions had led to inconsistent personnel practices and inadequate documentation. To resolve these issues, Mr. Derrick has assigned Laurel Sheridan, acting Administrative Services Manager, to review, coordinate, and monitor all personnel related activities affecting OHRM employees, including hiring, classifications and reclassifications, special duty pay assignments, work out of class and lead worker pay, and

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APPENDIX 2 (Continued)

Don Eklund
August 29, 2000
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discipline. Ms. Sheridan, who reports directly to Mr. Derrick, has also been assigned the responsibility to ensure that required documentation is completed and maintained in centralized files. Further, OHRM has implemented the recommendations regarding the selection and hiring process for career service positions in OHRM as set forth in the Hiring Task Force Report. I am confident that Mr. Derrick's actions will ensure closer management control and oversight over OHRM hiring, pay, classification, and other actions to fully resolve the issues identified in the audit in this area.

With respect to the finding of the appearance of favoritism involving the former OHRM Director's coworkers, we agree that the absence of some documentation could cause one to perceive that there may have been favoritism. However, we are certain that there were no actual instances of favoritism and your audit did not disclose that any favoritism actually occurred. In short, while we acknowledge the lack of file documentation to support many personnel transactions, the information does not support a finding that any employees in OHRM, including those identified as the former Director's coworkers, were appointed into career service positions without a competitive merit-based selection process. It is important to note that the former Director has left County employment, as have four OHRM managers and supervisors who were significantly involved in the hiring and other personnel transactions at issue. Therefore, it does not seem a productive use of time and effort to engage in further debate about what happened in the past. This Office, as head of the Executive branch, and OHRM, as the county's central human resources agency, must ensure that our hiring and other personnel practices strictly adhere to established policies and procedures to prevent any appearance of favoritism. Mr. Derrick and I share this expectation. Mr. Derrick will adopt the recommendations in the Hiring Task Force Report for hiring and selection processes for career service positions within OHRM, and will ensure that all OHRM managers and supervisors receive training in these processes within 30 days.

Regarding the second area in the audit report, we agree that the audit revealed deficiencies in OHRM's procedures for monitoring TLT positions, particularly in the months immediately after TLT positions were first created by ordinance when OHRM initially developed and implemented the monitoring protocols and procedures. We are aware of those deficiencies, and in September 1999 OHRM designed and implemented an automated request, approval, and monitoring system for TLT positions. OHRM has also begun quarterly comprehensive manual reviews to ensure all TLT employees are in approved and active TLT positions. OHRM staff have been working and will continue to work closely with Council staff and others to improve the automated system and other procedures to ensure compliance in this area.

With respect to the third area of the audit involving maintenance of official employee records, we concur with the audit findings and recommendations. OHRM has already eliminated the filing backlog noted in the audit. OHRM has also convened an interdepartmental task force which has made recommendations to streamline the maintenance of official personnel records county-wide and to clarify roles and responsibilities of OHRM and operating departments to ensure effective,

APPENDIX 2 (Continued)

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efficient, and legally compliant records retention. OHRM will move forward to finalize county policy in this area per the task force recommendations within the next 60 days and anticipates implementing the policy county-wide by January 1, 2001.

Finally, the audit correctly identified certain instances of administrative oversight in OHRM's issuance of recent revisions to the Personnel Guidelines. OHRM will resolve these cases as recommended within the next 60 days.

Thank you in advance for consideration of my official response.

If you have any questions about this response, please contact Bob Derrick, Director, Office of Human Resources Management, at (206) 296-1737, or Steve Kikuchi, Deputy Director, at (206) 296-8534.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Sims".

Ron Sims
King County Executive

cc: Paul Tanaka, Deputy County Executive
Bob Derrick, Director, Office of Human Resources Management
Steve Kikuchi, Deputy Director, Office of Human Resources Management
David Lawson, Manager, Executive Audit Services

APPENDIX 2 (Continued)

EXECUTIVE RESPONSE TO MANAGEMENT AUDIT

OFFICE OF HUMAN RESOURCES MANAGEMENT

HIRING PRACTICES

Finding 2-1: OHRM's disregard for county policies and procedures pointed to a lack of management control, and especially in the case of the Director's former coworkers, gave the appearance of favoritism.

While we agree that record-keeping deficiencies could have caused the appearance of favoritism, we do not agree that the information supports a conclusion that favoritism actually occurred.

We agree that OHRM hiring files and other personnel records lacked supporting documentation requested by the Auditor and we concur in the need to establish such written procedures for OHRM hiring files.

Further, during the time period covered by the audit, hiring and other personnel activities in OHRM were decentralized in each division or section. Given this decentralization, central management oversight over such actions was made difficult by the fact that OHRM staff were located in at least five separate physical locations. We agree that this resulted in hiring and personnel actions which were inconsistently and inadequately documented. We agree about the need for greater central management control and oversight over OHRM personnel transactions and have taken steps to resolve this situation.

RECOMMENDATION 2-1-1: The County Executive, along with the Deputy County Executive and current OHRM Director, should increase oversight and monitoring of OHRM to ensure that all OHRM staff are aware and adhere to the King County Code, Personnel Guidelines, and internal human resources policies and procedures.

We concur with this recommendation. Bob Derrick, whom I appointed as OHRM Director in July 1999, has assigned Laurel Sheridan, acting Administrative Services Manager, to review, coordinate, and monitor all personnel related activities affecting OHRM employees, including hiring, classifications and reclassifications, special duty pay assignments, work out of class, lead worker pay, and discipline. Ms. Sheridan, who reports directly to Mr. Derrick, has also been assigned the responsibility to ensure that personnel transactions are properly documented and that such documentation is maintained in centralized files. These actions should ensure closer management control and oversight over OHRM hiring, pay, classification, and other actions to fully resolve the issues identified in this area.

RECOMMENDATION 2-1-2: Similar to the recommendations in the Hiring Task Force Report, OHRM should formalize its procedures regarding the hiring and selection process for career service positions. Comprehensive, written procedures should be developed, disseminated, and followed by all OHRM employees involved in the hiring process.

Exceptions to the policies and procedures should be few and well-documented. OHRM should be able to provide for the fair and equitable treatment of all OHRM employees by consistently complying with the policies and procedures.

We concur with this recommendation. OHRM has implemented the recommendations included in the Hiring Task Force Report regarding the hiring and selection process for career service positions in OHRM and within the next 60 days will provide appropriate training to all staff involved in hiring.

APPENDIX 2 (Continued)

Finding 3-1: OHRM did not sufficiently monitor Term Limited Temporary Positions in OHRM as necessitated by the Logan/Knox settlement and directed by the King County Executive.

We agree that the audit revealed deficiencies in OHRM's procedures for monitoring TLT positions, particularly in the months immediately after TLT positions were first created by ordinance when OHRM initially developed and implemented the request, approval, and monitoring protocols and procedures. The new procedures coupled with numerous operating department requests for TLT approvals contributed to these deficiencies. We were aware of the deficiencies of the procedures and protocols initially developed, and as described below, we have taken a number of steps to resolve the identified problems and to ensure that compliance with the Logan/Knox settlement and Executive directives are ensured.

RECOMMENDATION 3-1-1: OHRM should update and improve its record-keeping to reflect the actual number of approved TLT positions in OHRM. In addition, OHRM should establish procedures for regular reconciliation of payroll records, the TLT database, and the TLT files to ensure compliance with the Logan/Knox settlement.

In September 1999 OHRM designed and implemented a comprehensive automated TLT request, approval, and monitoring system. Initial programming difficulties in transporting data from the prior database to the current database have largely been resolved. OHRM has also instituted quarterly automated and manual reconciliations of payroll records, TLT database information, and TLT files in order to ensure compliance with the Logan/Knox settlement and county policies and procedures. We will continue to work with Council staff and others to improve monitoring capabilities of the automated system. It should be recognized, however, that ongoing reconciliation of payroll records and the TLT database will continue to be problematic until the human resources PeopleSoft module is implemented county-wide with a comprehensive position management system.

RECOMMENDATION 3-1-2: The OHRM Director should monitor the TLT approval process to ensure adherence to approval procedures. TLT positions should not be approved or extended unless appropriate documentation and review has been completed.

We concur. Requests for approval or extension of OHRM TLT positions are now centrally monitored by Ms. Sheridan and problem areas are raised directly with the OHRM Director. Further, within 30 days the Special Employment section will develop and implement periodic reporting procedures to apprise the OHRM Director of the status of TLT approval and extension compliance county-wide, as well as recommended corrective actions to be taken.

RECOMMENDATION 3-1-3: The Special Employment section should create a report that lists those TLT positions with upcoming expiration dates and distribute the report in a timely manner to OHRM division and section managers. The Special Employment section, together with the other OHRM managers, should monitor the expiration dates and not allow TLT employees to continue working in expired positions unless the position has been reviewed and approved for extension.

We concur. The Special Employment section has developed such a report and will implement it immediately not only within OHRM but also with all other executive departments.

RECOMMENDATION 3-1-4: OHRM should add controls to the TLT database that require mandatory fields such as the funding source to be appropriately filled out before the request can be submitted for processing. While the scope of the audit only included TLT positions in OHRM, these recommendations reflect the necessary monitoring actions for all TLT positions in the county.

APPENDIX 2 (Continued)

We concur. This has already been implemented county-wide in the September 1999 automation of the TLT request, approval, and monitoring process. We will continue to work with Council staff and others to implement programming changes to improve the automated system.

Finding 3-2: OHRM did not maintain records in accordance with state law, thereby neglecting its responsibilities, as the county's primary personnel recordholder.

We agree that a significant filing backlog had developed at the time the audit was conducted. Lack of staff resources has been an ongoing issue for this function.

RECOMMENDATION 3-2-1: OHRM should develop and implement an immediate plan for eliminating the filing backlog. In addition, OHRM should conform to state law by establishing and following procedures that make records retention a priority and ensure the timely and accurate filing of employee information.

We concur. OHRM has already eliminated the filing backlog for its central personnel files. OHRM has also convened an interdepartmental task force which has made recommendations to streamline the maintenance of official personnel files county-wide and to clarify roles and responsibilities of OHRM and operating departments to ensure effective, efficient, and legally compliant records retention. OHRM will proceed to finalize county policy in this area per the recommendations of the task force and anticipates county-wide implementation of the policy by January 1, 2001.

RECOMMENDATION 3-2-2: OHRM's filing plan should include provisions for maintaining personnel files for temporary workers that include, at a minimum, payroll turnaround documents and W-4 withholding forms.

We concur. Same response as to Recommendation 3-2-1 above.

Finding 3-3: OHRM made changes to the Personnel Guidelines in 1997 that removed a King County Code provision and weakened controls over salary administration, creating the potential for a substantial budgetary impact.

We agree with the findings with respect to the changes made in the Personnel Guidelines. I should also note that OHRM made these changes in consultation with operating departments and the Executive Office. Most of the revisions made in the Personnel Guidelines that are cited in this finding incorporated ordinances involving the Logan/Knox settlement, the Federal Medical and Family Leave Act, and the King County Family Medical Leave policy. While it is true that OHRM did not provide extensive notice regarding these changes in the Personnel Guidelines, OHRM did meet with department representatives and management on each of the ordinances separately to ensure that departments were familiar with the changes in policies and procedures in these respective areas.

RECOMMENDATION 3-3-1: OHRM should either restore and follow the King County Code provision regarding written approval by the OHRM Director for probationary salary increases exceeding step 5 or submit a Code revision to the council for consistency between the Code and the Personnel Guidelines.

We concur. OHRM will submit to the Council within 60 days an ordinance to revise this Code provision.

APPENDIX 2 (Continued)

RECOMMENDATION 3-3-2: OHRM should strengthen budgetary controls over promotional salary increases by reinstating a maximum amount or percentage increase in the Personnel Guidelines. The maximum should provide enough flexibility to appropriately compensate employees in addition to containing costs.

We disagree with this recommendation. In a previous revision to section 6.4 the Personnel Guidelines, new employees are allowed to be hired above the first step of the applicable salary range under certain conditions. Imposing a maximum amount or percentage for promotional salary increases, as proposed, would categorically disadvantage internal employees who are hired compared to external candidates. We do not believe that this is fair for county employees, nor is it advisable for effective employee recruitment and retention.

RECOMMENDATION 3-3-3: In accordance with the Personnel Guidelines, OHRM should ensure that a statement of the reason for hiring OHRM employees above the first step is submitted to the Director at the time of hire. For OHRM employees, both the statement and approval of higher initial salaries by the Director should be retained in the employee personnel files.

We concur and will implement immediately.

RECOMMENDATION 3-3-4: OHRM should create and follow procedures to ensure that:

- **Personnel Guidelines changes are not posted prior to approval by the County Executive;**
- **Departments and human resources employees receive timely notification about changes made to the Personnel Guidelines; and**
- **Representatives from other departments are not only included in the decision-making process for changes but also involved in their coordinated implementation to maximize consistency and decrease non-compliance.**

We concur and will implement immediately.

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